

School & Institutional Trust Lands Administration
Board of Trustees Meeting
MINUTES
Salt Lake City, Utah
September 20, 2018
9:00 a.m.

Attending:

Board Members

Lonnie Bullard, Chairman of the Board
Roger Barrus, Vice-Chairman
Don Foot
Rick Woodbury
Scott Ruppe
Dave Donegan
Michael Mower

Staff

David Ure, Director
Lisa Jones, Executive Assistant
Mike Johnson, Chief Legal Counsel
Tom Faddies, Assistant Director, Mines
Elise Erler, Deputy Assistant Director, Planning & Development
Keli Beard, Legal Counsel
LaVonne Garrison, Assistant Director, Oil & Gas
Wes Adams, Deputy Assistant Director, Oil & Gas
Eric Baim, Financial Analyst, Planning & Development
Rodger Mitchell, Assistant Director, Planning & Development
Mark Burns, Legal Counsel to the Board for EOG Audit Appeal
Tim Donaldson, Assistant Director, Special Projects
Ron Torgerson, Deputy Assistant Director, Surface – Richfield
Bryan Torgerson, Resource Specialist, Surface – Moab
Kim Christy, Deputy Director, Surface & External Relations
Lisa Schneider, Finance Director
Troy Herold, Project Manager, Planning & Development
Kyle Pasley, Deputy Assistant Director, Planning & Development – St. George
Paula Plant, USBE Beneficiary Representative
Margaret Bird, Higher Education Beneficiary Representative

Visitors

Ben Musselman, Public Works Director, San Juan/Spanish Valley
Jerry McNeely, Vice Chairman, Grand County Water Conservancy District
Jason Johnson, Southeastern Area Manager, Utah Division, Forestry, Fire & State Lands
Curtis Wells, Vice Chairman, Grand County Council
Sarah Stock
Stacy Smith
Cal Bean

Welcome, Approval of Minutes, and Ratification of 2019 Schedule

Chairman Bullard welcomed the public and thanked the Board and Staff for being in attendance. He also expressed gratitude to Grand County for hosting our meeting. Mr. Woodbury moved and Mr. Foot seconded a motion to approve the minutes of August 23rd. The vote was unanimous in the affirmative. A copy of the minutes can be found at <https://www.utah.gov/pmnm/files/429981.pdf>. The next Board meeting will be held on Wednesday, October 17th. The Chairman proposed that 2019 meetings be moved to the 2nd Wednesday of each month and received a general consensus.

Public Comment

Chairman Bullard invited public comment and welcomed Sarah Stock. She introduced herself as a Grand County resident. She expressed her concern that the work SITLA does is detrimental to the state. Her specific reference was to future high-end developments. She felt that our impact on the watershed was unwelcome. Her perspective was that development in her pristine community was irresponsible. She referenced Grand County as a special place, and that more development is not in the best interest of the community. She asserted that SITLA's actions are foolish. Her belief was that fossil fuels in general are bad and that we should be supporting alternative energy instead.

Chairman's Report

Chairman Bullard articulated that SITLA is charged with management of school trust lands around the state, and that we are required to monetize the properties where possible. He reminded us that those properties were set aside for the benefit of school children. He expounded on the fact that we try to be a good partner and work with local communities. He saw SITLA as helping develop land for future growth that is coming regardless of what we do.

Notification and Discussion Items

Mr. Pasley was invited to present on the notification of minor development transaction in Sienna Hills. The property is a 3-acre parcel of neighborhood commercial land. Mr. Barrus commented that the Real Estate committee was in favor of the project. It will be used to expand an adjacent land use of an assisted living center. The complete presentation can be found at <https://www.utah.gov/pmnm/files/425181.pdf>.

The notification of minor development transaction in Kanab was presented. Mr. Pasley explained that the property is a 5-acre piece of land. The complete presentation can be found at <https://www.utah.gov/pmnm/files/428445.pdf>.

Director's Report

Director Ure expressed thanks to the Development Team for organizing our Board Tour on September 19th. He reminded the audience that major actions made by the Board are usually vetted through committees where many hours are spent discussing issues before items get to the full Board for action. Director Ure explained that we continue to work through conflicts with the public. He also commented that SITLA was working with the Utah Association of Counties to ensure that issues don't become problems.

Mr. Christy then reported about a land exchange that is being considered. He explained that the Division of Forestry, Fire, and State Lands generally administers only sovereign lands, but that at Dalton Wells in Grand County they have a unique position. The plan is to create a more disciplined recreation area. There was an extensive explanation of a map of the property involved. That map can be found on the Public Notice Website at <https://www.utah.gov/pmnm/files/430657.pdf>. Mr. Foot explained that the Minerals Committee reviewed this transaction. Mr. Christy said that there is still much to do and thanked the Board for their feedback. He stated that his group will now work on appraisals.

EOG Resources Audit Appeal

Chairman Bullard invited Mr. Burns to speak to the Board about the EOG Resources Audit Appeal that has been filed against SITLA. He announced that he is the attorney representing the Board in the matter. Mr. Burns provided guidance about the procedure for this type of appeal. He explained that his goal is to ensure that the process is fair and judicially sound. He reminded us that the matter is a petition involving an audit which resulted in a determination that there has been \$2.2M underpayment of fees. EOG asserts that they overpaid which makes the disputed amount \$3M. Both parties agreed to request a continuance of the matter. He announced that the Board will need to determine whether they want to hear the matter, whether they want to move forward with a formal vs. informal proceeding, and whether they will appoint a hearing officer. Mr. Burns proposed that the Board hear the matter at the next Board meeting.

Because this is an accounting matter, Mr. Burns explained that he will likely lean on the AG's tax division for advice/counsel in this matter. Chairman Bullard asked who would be appointed as the hearing officer. Mr. Burns explained that the Board will want to select someone who has experience in the specific questions at issue. The hearing officer would recommend a set of arguments and findings of fact. The Board would then be the decision-making body.

Mr. Ruppe moved and Mr. Mower seconded a motion that the Board authorize the Motion for Continuance which provides for the parties to submit a statement by October 8, 2018, that the parties will submit names recommended for hearing officer, and that all submissions would be considered by the Board on October 17, 2018. The vote was unanimous in the affirmative. Chairman Bullard signed the Motion.

Director Ure pointed out that the matter may not proceed to a hearing, and that in the past such matters have settled before a hearing was held. Chairman Bullard reminded the Board to not discuss this matter with staff or the public. Mr. Burns provided his office phone number so Board members or the public could reach him with questions. That number is 801-366-0198.

Agency Fee Schedules

Ms. Schneider explained that any changes to our fee schedule need to be approved by the legislature. Consequently, requested changes to budget proposals need to be made now in preparation for the session. In this case, Oil & Gas is requesting a moderate increase in some of their fees. The documents regarding fee schedules are on the Utah Public Notice website at <https://www.utah.gov/pmn/files/425187.pdf> and the proposed fee changes are at <https://www.utah.gov/pmn/files/425185.pdf>.

Mr. Woodbury moved and Mr. Ruppe seconded a motion that the modified fee structure be approved. The vote was unanimous in the affirmative.

Beneficiary Report

The presentation can be found on the Public Notice Website at <https://www.utah.gov/pmn/files/425189.pdf>. Ms. Plant explained that this document came as a result of a Board meeting where students came to express their concerns about how SITLA actions are made. Ms. Plant met with the group in an attempt to resolve their worries. She explained the process SITLA uses to do a business transaction – that the Board is not the sole decision-maker in a transaction. Ms. Plant helped the students understand that SITLA's plans go through local agencies before they are approved. It was her hope that the students have a better understanding of the process. She wanted to support public involvement in the process, but needed to ensure their conclusions were based on correct information about SITLA's processes. Chairman Bullard thanked Ms. Plant for following up on this matter. Mr. Mower requested that this document be placed on the SITLA website. Ms. Jones agreed to arrange for it.

Mr. Mower asked that Grand County Council Vice-Chairman Wells be recognized. Chairman Bullard invited him to present comments to the Board. He was appreciative of SITLA because the Council wants to diversify economically in the area. Chairman Bullard expressed that SITLA is hoping it will be a good

asset and contribute to the community's well-being. Mr. Wells stated that he supports the Lionsback project. He commented that booming levels of tourism brings challenges. He also expressed appreciation for the new USU-Moab campus project.

At 10:10 a.m., Mr. Mower moved and Mr. Woodbury seconded a motion to move into Closed Session. The vote was unanimous in the affirmative.

Attending Closed Session:

Board Members

Lonnie Bullard, Chairman of the Board

Roger Barrus, Vice-Chairman

Don Foot

Rick Woodbury

Scott Ruppe

Dave Donegan

Mike Mower

Staff

David Ure, Director

Lisa Jones, Executive Assistant

Mike Johnson, Chief Legal Counsel

Tim Donaldson, Assistant Director, Special Projects

Eric Baim, Financial Analyst, Planning & Development

Elise Erler, Deputy Assistant Director, Planning & Development

Rodger Mitchell, Assistant Director, Planning & Development

Keli Beard, Legal Counsel

Wes Adams, Deputy Assistant Director, Oil & Gas

Tom Faddies, Assistant Director, Minerals & Mining

Bryan Torgerson, Resource Specialist, Surface – Moab

Kim Christy, Deputy Director, Surface & External Relations

Lisa Schneider, Finance Director

Troy Herold, Project Manager, Planning & Development

Paula Plant, USBE Beneficiary Representative

Margaret Bird, Higher Education Beneficiary Representative

At 12:08 p.m., Mr. Mower moved and Mr. Foot seconded a motion to re-enter Open Session. The vote was unanimous in the affirmative.

Mr. Ruppe moved and Mr. Woodbury seconded a motion to allow Planning & Development to continue to negotiate a partnership agreement with Ninigret Group on the 700-acre landfill site in Salt Lake County and to waive the competitive process for selecting that partner. The vote was unanimous in the affirmative.

At 12:10 p.m., Mr. Mower moved and Mr. Barrus seconded a motion to adjourn. The vote was unanimous in the affirmative.

Respectfully Submitted,

Lisa S. Jones

Executive Assistant to the Board